

Message Text

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73

ORIGIN ARA-10

INFO OCT-01 ISO-00 CIAE-00 INR-05 NSAE-00 RSC-01 IGA-01

L-02 EB-07 TRSE-00 OMB-01 XMB-02 AID-05 IO-10 SS-15

/060 R

DRAFTED BY ARA-LA/EP:RFWEBER:ET
APPROVED BY ARA:WDROGERS-A/AID:JEMURPHY
ARA/EP:SPRINGLE(DRAFT)
AA/TAB:CFRITZ (PARA 3)
ARA:HSHLAUDEMAN (DRAFT)
AA/LA:HKLEINE

----- 128972

P 202056Z DEC 74
FM SECSTATE WASHDC
TO AMEMBASSY QUITO PRIORITY

C O N F I D E N T I A L STATE 279044

E.O. 11652: GDS
TAGS: PFOR; EC
SUBJECT: AID PHASEOUT
REF: QUITO 8413

FOR AMBASSADOR FROM ROGERS AND MURPHY

1. WE AWAIT YOUR COMMENT ON THE AID PHASEOUT (REFTEL, PARA 8). WE THINK OUR POSTURE AT THE IDB WILL NOW ACCOMMODATE YOUR SUGGESTIONS ON THAT FRONT.

2. WE WANT TO BE CERTAIN THERE IS NO MISUNDERSTANDING CONCERNING THE NATURE AND TIMING OF THE PHASEOUT PACKAGE. FROM PARA 7 REFTEL IT APPEARS YOU MAY HAVE CONVEYED THE IMPRESSION TO PRESIDENT RODRIGUEZ THAT THE GOE HAS UNTIL JUNE 30, 1975 TO MAKE UP ITS MIND WHETHER TO ACCEPT OUR OFFER OF A PHASEOUT TECHNICAL ASSISTANCE LOAN. IF THIS IMPRESSION WAS INDEED GIVEN, IT SHOULD BE CORRECTED. AS INDICATED IN PREVIOUS INSTRUCTIONS, WE CANNOT REPEAT
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CANNOT GUARANTEE A LOAN. IN ORDER TO BEGIN THE PROCESS

OF PREPARING THE PROPOSED LOAN WE MUST HAVE A GOE
DECISION IN PRINCIPLE AS SOON AS POSSIBLE. THE PROCESS
OF BRINGING A COMPLICATED LOAN TO THE APPROVAL STAGE
IS LIKELY UNDER THE BEST OF CIRCUMSTANCES TO REQUIRE
SEVERAL MONTHS. AFTER THE DECISION IN PRINCIPLE BY
THE GOE THERE WILL NEED TO BE PRELIMINARY DISCUSSIONS

WITH GOE MINISTRIES, PREPARATION OF THE IRR, REVIEW
AND APPROVAL OF THE IRR, NEGOTIATION OF THE LOAN
SPECIFICS, PREPARATION OF THE CAP, REVIEW OF THE
CAP INCLUDING INTERAGENCY (DLSC) REVIEW, PRIOR
NOTIFICATION TO CONGRESS AND LOAN AUTHORIZATION. THE
ORIGINAL PHASEOUT PLAN PROPOSED BY THE COUNTRY TEAM
ENVISAGED REVIEW OF THE IRR IN WASHINGTON DURING THE
MONTH OF JANUARY. THUS WE ARE SERIOUSLY BEHIND
SCHEDULE AT THIS POINT.

3. AS YOU ARE AWARE, APPROVAL OF THE DEIDS PROJECT
FOR ECUADOR WAS AN INTEGRAL PART OF THE OVERALL
PHASEOUT PLAN AND WAS BASED ON THE ASSUMPTION THAT THE
GOE WOULD ACCEPT THE OTHER MAIN ELEMENTS OF THE PLAN.
IN LIGHT OF THE LONG DELAY AND CONTINUED UNCERTAINTY
WHETHER THE PLAN WILL GO FORWARD, YOU SHOULD NOT
REPEAT NOT SIGN THE DEIDS PROJECT AGREEMENT UNTIL WE
HAVE AN UNEQUIVOCAL AGREEMENT ON OTHER ELEMENTS OF
THE PLAN. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, INSTRUCTIONS, ECONOMIC PROGRAMS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 20 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE279044
Document Source: CORE
Document Unique ID: 00
Drafter: LA/EP:RFWEBER:ET
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740371-0387
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741218/aaaaaoytn.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 74 QUITO 8413
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 SEP 2002 by cunninfx>; APPROVED <19 MAR 2003 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AID PHASEOUT
TAGS: PFOR, EAID, EC, US
To: QUITO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005